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Reagan Offers Investigators Excerpts of His Notes on Iran

By David Hoffman
Washington Post Service

WASHINGTON — President Ronald Reagan will make available to investigators, if requested, "relevant excerpts" from his personal notes on discussions and meetings concerning the decision to sell arms to Iran, the White House announced Monday.

The announcement was a reversal of earlier statements by White House officials that Mr. Reagan considered his notes to be private

and that they would not be made available for congressional investigations.

Mr. Reagan's spokesman, Marvin Fitzwater, said the president "will continue to provide all information required by those conducting the inquiries into the Iran matter. Should it be determined that material is needed, however, the president is willing to make available relevant excerpts from his personal notes. This is consistent with his meeting with the Tower board and his commitment to cooperate fully."

"The president wants to get to the bottom of the matter and fix what went wrong," the statement said.

Officials said they had not determined how the "relevant excerpts" would be chosen from the president's notes, which he has written in longhand in preparation for his memoirs.

They said a method would be determined if the congressional committee investigating the Iran-contra affair makes a request for the material.

Arthur Liman, the chief counsel of the special Senate committee investigating the affair, said in a statement that the panel would not comment on witnesses or evidence being sought. But "we intend to pursue all individuals and evidence relevant to our inquiry," he said.

It is not known how voluminous the president's notes are, but aides said he had recorded some material relating to the events in 1985 and 1986 in which the United States sold missiles and military spare parts to Iran.

Mr. Reagan used the notes in preparing for his 75-minute inter-

view Jan. 26 with the three-member panel, headed by former Senator John G. Tower, that is investigating procedures of the National Security Council.

The investigation was undertaken following disclosure of the NSC role in arms sales to Iran and diversion of some of the Iranian payment to aid the Nicaraguan rebels, who are known as contras.

Mr. Reagan made the decision to provide the notes at a meeting Monday morning with his chief of staff, Donald T. Regan, and with Vice President George Bush, officials said.

The existence of the presidential notes was disclosed Sunday by The Washington Post. The newspaper said the Senate special committee was expected to seek access to the notes.



Nuns watched over ballot boxes on Monday at the election tabulation center in Manila.

LATE NEWS

Perle to Leave Pentagon Post

WASHINGTON (WP) — Assistant Defense Secretary Richard N. Perle has informed Defense Secretary Caspar W. Weinberger that he intends to resign soon, administration sources said Monday.

Mr. Perle's intention to resign became known after he gave a speech Sunday at a conference in Munich in which he criticized European allied leaders as "mealy mouthed." The Reagan administration announced that Mr. Perle, who is the assistant secretary for international security policy, was not speaking for the United States in his criticism.

INSIDE TODAY

GENERAL NEWS

■ South Africa's white opposition party accused the government of suppressing the truth about abuses of blacks. Page 2.

■ Alastair MacLean, author of "The Guns of Navarone" and one of Britain's leading postwar writers, died Monday. Page 6.

BUSINESS/FINANCE

■ Paul A. Volcker warned that a further fall in the dollar could exacerbate inflation. Page 9.



Casey Quits CIA; Deputy to Replace Him

By Lou Cannon
Washington Post Service

WASHINGTON — William J. Casey, the director of the Central Intelligence Agency and one of President Ronald Reagan's closest friends, resigned Monday. Mr. Casey's deputy, Robert M. Gates, will be nominated to replace him.

The chief White House spokesman, Marvin Fitzwater, said Mr. Reagan accepted the resignation of Mr. Casey, who is hospitalized with cancer, with "reluctance and deep regret."

Mr. Casey, 73, who had been director of the agency since 1981, resigned seven weeks after being

hospitalized with brain seizures. A cancerous tumor was removed from his brain Dec. 18 and he is still a patient at Georgetown University Hospital.

Mr. Gates, 43, joined the CIA in 1966. He served in the National Security Council under three presidents.

Robert M. Gates is a career intelligence officer and an expert on Russia. Page 6.

Mr. Gates will become a counselor to the president when he recovers. Mr. Fitzwater announced in his first briefing as Mr. Reagan's

chief spokesman. He said that Mr. Casey had volunteered his resignation.

Mr. Reagan offered the job to Mr. Gates on Friday. He reportedly was Mr. Casey's choice for the job and was recommended by president's national security adviser, Frank C. Carlucci.

The White House sounded out one politician, former Senator Howard H. Baker Jr. of Tennessee, as a replacement. But Mr. Baker, who is still considering a presidential race in 1988, rejected the overture.

Mr. Casey served as Mr. Reagan's campaign manager in 1980.

Pentagon Said to Condone Illegal Private Sales to Iran

By Stuart Diamond
and Ralph Blumenthal
New York Times Service

NEW YORK — Pentagon intelligence officials learned more than a year ago that private arms dealers were trying illegally to ship 39 American fighter planes and vast amounts of other weapons to Iran but the officials did not stop the sales, according to confidential documents and participants who informed the government.

The illegal efforts were allowed to continue because the military officials hoped to gain intelligence information, including data on Iran and access to advanced Soviet tanks captured from Iraq by Iran, the sources said.

The Pentagon confirmed that it was told as early as December 1985 of the private efforts, which began in 1983. But various arms dealers contend in interviews that some government officials knew of the project by early 1984.

The private efforts continued as

the Reagan administration was arranging the official sales that are now the subject of inquiries by two congressional committees and a federal special prosecutor.

Information about the efforts — known as the Demavand project,

Israel sent rifles to the Nicaraguan rebels, an Israeli newspaper reported. Page 2.

for Iran's highest mountain — was obtained by The New York Times from numerous documents, many of them confidential, and interviews with 150 government officials, arms dealers, intelligence sources, and others over the last eight weeks.

No one interviewed was sure that fighter planes were delivered to Iran, but Iraqi military sources have said that a greater number of F-4s have been flying for Iran since last fall. The total value of the arms contracted for in the Demavand project was more than \$1 billion.

The planes were destined for the

Iranian rebels and also served on the board of a New York City arms company that became involved in the Demavand project and whose owner pleaded guilty to smuggling arms to Iran. General Singlaub says he knew of no illegal dealings by the company, Austin Aero Corp., of New York.

One intelligence consultant complained that 48 hours after he gave confidential information about the Demavand project to the head of Marine Corps counterintelligence in Washington, high Iranian military officials had details of the private discussion.

Major European financial institutions had extensive contacts with the arms dealers, providing bank accounts and money and, in one case, co-signing a sales contract for the planes.

John K. Singlaub, a retired army major general, helped the administration supply the Nicaraguans

rebel and also served on the board of a New York City arms company that became involved in the Demavand project and whose owner pleaded guilty to smuggling arms to Iran. General Singlaub says he knew of no illegal dealings by the company, Austin Aero Corp., of New York.

The investigation by The New York Times gives further indications that senior military officials in Washington, including aides to the Joint Chiefs of Staff and Marine Corps counterintelligence, were aware of illegal private arms sales to Iran, in addition to the officially arranged sales that are now known as part of the contra arms case.

The New York Times reported last month that two U.S. Army colonels had been implicated by army investigators in illegal efforts to sell arms to Iran for private gain while they were on active duty in sensitive European assignments. Pentagon authorities were

See ARMS, Page 6

For One Soviet Citizen, 9-Year Quest to Leave

By Bill Keller
New York Times Service

MOSCOW — A week after his release from the Second Moscow Provincial Psychiatric Clinic, Siberian Anatoli Yevsyukov's muscles still ache so badly he cannot put on his overcoat without help. His fingers tremble, he has lost 25 pounds (11 kilograms) and he walks with evident discomfort.

His conversation is lucid and attentive, but his eyes appear burned out, a common side effect of the tranquilizer haloperidol, which Western human rights groups say is often used indiscriminately in Soviet mental clinics. Mr. Yevsyukov said he spent most of the last six months stupified by daily injections of the drug.

In his nightmares, his daughter added, Mr. Yevsyukov says he hears the screaming and ranting of the 40 severely disturbed mental patients who shared his crowded ward in the grim south of Moscow.

Mr. Yevsyukov, a former airforce navigator who has been trying for nine years to emigrate from the Soviet Union, was released from the mental clinic a week ago, after the intervention of Andrei D. Sakharov, the physicist and dissident.

In an interview Saturday, he described his experiences in the mental ward, and his family's four-generation conflict with society.

He is one of 14 prisoners whose cases were taken up by Mr. Sakharov in a personal appeal to Mikhail S. Gorbachev, the Soviet leader.

Two imprisoned rights advocates on the list, Anatoli Korygin and Sergei Khodorkovich, have been told they will be freed and forced to leave the country.

Mr. Korygin, a psychiatrist sentenced to 12 years in labor camps and internal exile for exposing the use of Soviet mental hospitals to Jewish political and religious dissidents, was reportedly transferred Saturday to a jail in his hometown of Khar'kov, in the eastern Ukraine.

As a camera crew and interviewer wedged themselves into a corner of the tiny kitchen in 10 Downing Street, the prime minister's official residence, Mrs. Thatcher explained how the violet-colored cabbage liquor, when poured into a solution of sodium bicarbonate, would turn green.

There was a lesson in the experiment,

said Mrs. Thatcher, who studied research chemistry before entering politics: "Don't put sodium bicarbonate into red cabbage if you don't want a disaster at the dinner table."

These and other bits of Mrs. Thatcher's kitchen wisdom were revealed to British television audiences last week on "Take Nobody's Word for It," a science program that each week features a guest.

It was the latest in a recent series of appearances by the prime minister on programs having little or nothing to do with politics. The goal is to show a side of Mrs. Thatcher that even many of her supporters doubt exists — that of a caring, feminine

On radio's "Woman's Hour," the prime minister confessed that she suffers from nerves every time she walks into the House of Commons in a documentary special called "The Englishwoman's Wardrobe." Mrs. Thatcher took viewers into her closest to boast that she wears many of her dresses for years and confide that she buys her underwear at Britain's top budget clothing store, Marks & Spencer.

She turned up on "Saturday Superstore," a children's pop music and call-in show.

The prime minister is not the only political leader here who feels her image needs to be burnished a bit as Britain heads toward national elections. The Labor Party leader,

Neil Kinnock, was a "Saturday Superstore" guest in December, and the Liberal Party leader, David Steel, is scheduled for February.

Mrs. Thatcher is not required to hold a vote until July 1988, when she completes the fifth year of her second term. But she is certain to choose the moment when she thinks her chances are best. The opening of the official three-week campaign still may be as many as 17 months away, or it could come as soon as this spring, a prospect that campaign managers of all political stripes believe is much more likely.

In the meantime, Mrs. Thatcher's Conservatives, Labor and the third-ranking alliance of Liberals and Social Democrats

are trying to capture the imagination of an electorate that all acknowledge is more volatile in terms of party loyalty, and more apathetic in terms of issues, than any in recent years.

Public opinion polls have swung wildly in recent months; a week ago, one gave the Conservatives an eight-point lead while another showed Labor five points ahead. None of the parties is seen as able to win a parliamentary majority at present. Voter dissatisfaction with the two principal party leaders, Mrs. Thatcher and Mr. Kinnock, far outstrips popular approval of them.

While the Conservative Party has begun See THATCHER, Page 6

U.S. Urges Iran to Free Journalist

Compiled by Our Staff From Dispatches

WASHINGTON — The United States urged Iran on Monday to release Gerald F. Seib, a Wall Street Journal correspondent who was detained while visiting the country with a group of foreign reporters at the invitation of the government.

A State Department spokesman, Charles Redman, said Mr. Seib was continuing to prevent Mr. Seib from leaving the country.

The New York Times reported last month that two U.S. Army colonels had been implicated by army investigators in illegal efforts to sell arms to Iran for private gain while they were on active duty in sensitive European assignments. Pentagon authorities were

See ARMS, Page 6

Airbus Talks Open, Falter Over Subsidy

By Warren Geller
International Herald Tribune

LONDON — In what could be the opening skirmish in the next trans-Atlantic trade dispute, U.S. and European officials meeting here Monday failed to bridge sharp differences on aircraft subsidies.

The talks came a week after a hard-fought compromise was reached on U.S. grain exports to the European Community.

The two sides did agree Monday to continue the aircraft talks in Geneva under the auspices of the General Agreement on Tariffs and Trade, at an unspecified time.

Monday's talks came amid plans by Europe's Airbus Industrie consortium to launch a new generation of planes for the 1990s: the A-330, a medium-range passenger jet, and the A-340, a long-range jet.

The U.S. officials were to meet Tuesday with officials in Paris before going to Bonn on Wednesday in an effort to persuade the main governments backing the Airbus project to reduce support for the new jets.

Production of those planes depends on the sponsoring governments providing more than \$2.5 billion in development loans. None has yet agreed to budget the funds.

The cost of producing an American competitor to the A-340, McDonnell Douglas Corp.'s MD-11, has been put at \$700 million.

Geoffrey Pattie, a senior minister in the British Department of Trade and Industry, described as "threatening" the American complaints leveled Monday about European subsidization of Airbus.

And Michael B. Smith, deputy U.S. trade representative, said at a separate news conference that the talks here had been "frank, to put it diplomatically."

But another U.S. official here for

See AIRBUS, Page 6

More Hostages Threatened; Waite Reportedly 'Arrested'

Reuters

BEIRUT — The pro-Iranian group believed to be holding two Americans and three Frenchmen captive, Islamic Jihad, said Monday that it would kill foreign hostages if the United States attacked Lebanon.

Two militia leaders said they believed that the Anglican church envoy, Terry Waite, who had sought the release of captives in Lebanon and has been missing since Jan. 20, had been arrested, not kidnapped.

The archbishop of Canterbury, the Most Reverend Robert Runcie, said in London that he had asked Iran to help find Mr. Waite.

Israel Supplied Rifles To Contras, Paper Says

By Jonathan C. Randal

Washington Post Service

JERUSALEM — Israel sent captured Soviet-made rifles to the U.S.-backed Nicaraguan rebels, but Washington stopped the shipment at sea when Iran disclosed the original arms deal in October, a leading Israeli newspaper has reported.

Also Sunday, Defense Minister Yitzhak Rabin repeated a denial that Israel sent weapons to the rebels, or contra, as alleged by a report of the U.S. Senate Select Committee on Intelligence. He did not refer specifically to the new allegations in the daily *Ma'ariv*.

The newspaper quoted Israeli security sources as saying that Lieutenant Colonel Oliver L. North, a former National Security Council aide, "drove us crazy with requests to supply weapons" to the contra. Colonel North was implicated in the sale of arms to Iran and the diversion of the proceeds to finance the rebels.

Israel shipped a few hundred Soviet-made rifles in October, the newspaper said. However, the Reagan administration, faced with the disclosures soon afterward of arms sales to Iran, ordered that the freighter carrying the weapons be stopped en route. The ship returned to the Red Sea port of Eilat.

The newspaper quoted the sources as suggesting that the Israeli government's contention that it did not transfer arms to the contra

was technically justified on the ground that Israel dealt with Americans involved with Colonel North.

But the sources said Israel knew the arms were destined for the contras.

Mr. Rabin said Colonel North first asked Israel to supply arms to the contra when Mr. Robin visited Washington in May, during a time when the Reagan administration was banned by Congress from sending weapons to the contra, and pressed Mr. Robin on the matter during another visit in September.

Mr. Robin reportedly wanted that he would not transfer any weapons to the contra, but would consider transferring captured Soviet arms to the United States, which could do as it pleased with them. Colonel North accepted that procedure, the newspaper said.

Shamir and Nimrodi Meet

Prime Minister Yitzhak Shamir summoned Jacob Nimrodi, the Israeli arms dealer who arranged the 1985 shipment of U.S. weapons to Iran, and asked to hear his version of the affair, a source told The Associated Press on Monday.

The meeting took place Sunday night at Mr. Shamir's home in Jerusalem, the source said.

A New York Times article Sunday quoted Mr. Nimrodi as saying that Israel had tried to sell arms to Iran before becoming involved in the sale of U.S. weapons.

Taking advantage of parliamentary privilege, which allows the media to report debates in the chamber, Mr. Eglin introduced a study involving some of the estimated 25,000 people held without trial under emergency regulations. He said that 38 percent had suffered severe mental strain.

On Monday, Mr. Nothnagel issued a statement pledging to adhere to the party position. He advised that he had sought to challenge the party leadership, and said, "I accept that the ANC may not be included in the process of negotiation before it foresees reconciliation and violence."

Politicians expect the May 6 election for the all-white House of Assembly to be the bitterest ever contested in South Africa.

The Progressive Federal Party has 27 of the chamber's 178 seats compared with the National Party's 127. The Progressives have gained support since doubts sur-

to capitalize on dissension with the ruling party.

Last week, National Party leaders ordered Albert Nothnagel, a member of Parliament, to leave the party or retract calls to involve the banned African National Congress in peace talks.

On Monday, Mr. Nothnagel issued a statement pledging to adhere to the party position. He advised that he had sought to challenge the party leadership, and said, "I accept that the ANC may not be included in the process of negotiation before it foresees reconciliation and violence."

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Above, Terry Waite, left, with the Druze leader Walid Jumblat a few days before Mr. Waite disappeared. Right, the photograph of a kidnapped American journalist, Terry A. Anderson, delivered with Islamic Jihad's warning Monday. Below, Hashemi Rafsanjani, speaker of Iran's parliament.



The Associated Press

White Opponents Assert Pretoria Abuses Detainees

Reuters

CAPE TOWN — South Africa's white opposition party Monday opened its campaign for the May general election by charging that the government had suppressed reports of psychiatric abuse of political detainees.

The liberal Progressive Federal Party, opening a parliamentary debate on a no-confidence motion, accused the government of keeping white voters uninformed and said the election could not be free and fair.

The government in June imposed emergency laws, including heavy censorship, to quell black political violence and demands for majority rule.

Colin Eglin, leader of the Progressives, said: "The government has imposed a form of law and order in our country. But does it realize the enormity of the damage it is doing to the very fabric of our society?"

Taking advantage of parliamentary privilege, which allows the media to report debates in the chamber, Mr. Eglin introduced a study involving some of the estimated 25,000 people held without trial under emergency regulations. He said that 38 percent had suffered severe mental strain.

Accusing the authorities of distorting news of violence among blacks, Mr. Eglin quoted residents who said that police stood by as rightist vigilantes moved through one township last month attacking government opponents.

Finance Minister Barand J. du Plessis defended the emergency decree, telling Parliament: "I don't want to stand here boasting statistics about dead people, it's a fact that since these measures were introduced, fewer people have died."

In introducing the no-confidence motion, Mr. Eglin was attempting

to capitalize on dissension with the ruling party.

Recently, a liberal National Party parliamentarian resigned to run for Parliament as an independent and Pretoria's ambassador to London, Denis Worrall, left his post and indicated he might also seek office as an independent.

In addition, prominent National Party supporters including academics, businessmen and sports personalities have voiced opposition to party policies.

There were these other developments:

• Theuns Swanepoel, a retired police brigadier who crushed a black rebellion in Soweto in 1976, said Monday he would decide by Saturday if he would run for office as a member of the rightist Conservative Party.

• A black policeman was stoned,

doused in gasoline and burned to death Monday. The government's Bureau for Information said Constable L.S. Kondolo was off duty when he was attacked at Guguletu, near Cape Town. Thirteen black men were detained for questioning in connection with the attack, the bureau said.

• Prime Minister Brian Mulroney of Canada said Sunday that his country was close to ending diplomatic and economic ties with South Africa. Agence France-Presse reported from Senegal.

Ending a weeklong African tour, he said at a news conference that violence would increase in South Africa if new economic sanctions were not imposed on the country's white minority government.

He said Canada would take new measures, which he did not detail, if there was no progress in the near future.

• The minister of culture, Bela Kopeczki, said Saturday in the party newspaper Nepszabadsag that the Writers Union no longer officially represented the literary sector.

Union members, voting by secret ballot in November for the first time, elected a board of 71 members that has been openly critical of party policies.

The board then appointed a president, general secretary and other officials who are in bad standing with the party.

Mr. Kopeczki said Saturday that about 30 writers have left the union to show opposition to its leadership.

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In New York City, a Would-Be Crazy Turns Out to Be a Parking Garage Visionary

By William E. Geist
New York Times Service

NEW YORK — Howard Pronskey is vindicated, as people who sometimes seem totally crazy so often are in New York City. It is a compassionate city in that way.

Mr. Pronskey had the idea of trying to sell parcels of cement in Brooklyn's Park Slope section for thousands of dollars. They are spaces in a parking garage which Mr. Pronskey is marketing as the city's first "car condominiums."

The 40-year-old developer said people had called him crazy — and a lot worse — but then a strange thing happened: People began buying the spaces. Some of the people do not own cars, purchasing the spaces as investment properties, albeit very small ones.

Even more, they are paying from \$30,000 to \$34,000 for the spaces, depending on the size — the average is about

7.5 feet (2.3 meters) by 16.5 feet; a monthly maintenance and property tax fee of \$147, and an optional \$45 fee for transportation to and from the garage.

Mr. Pronskey walks prospects over to his six-floor, 145-spot parking garage — steam cleaned, de-greased and freshly painted inside and out with decorative murals and designs — at Union Street and Seventh Avenue, where he shows them a selection of spaces on various floors, with various views, in various proximity to the elevators.

A parking spot owner recalled this scene of a couple who were considering buying: "Oh, this is nice," said a woman looking down at a space between two freshly painted yellow lines. "Don't you think this is nice, Harry?" she asked a male companion, who stared silently at the space.

About half of the spots are sold. One buyer said he put down 40 percent and is paying \$217 a month on the

mortgage loan, a \$147 monthly maintenance and the \$45 transportation charge.

"That comes to about \$409 a month," he said, "which was more than the rent on my apartment before I moved to New York, plus the \$12,000 down. I often think it's nuts to be working to support a parking space. But I was convinced that thieves and alternate side of the street parking and parking tickets would do me in."

Buyers ask Mr. Pronskey if they may decorate their spaces sleep in their cars or hold parties there. They may not. It is against condominium bylaws. Nor may they keep motorcycles or boats or trucks there. These and other issues will not doubt be subject to debate at condominium board meetings.

"Ridiculous!" said a local resident passing by, referring to car condominiums. "Disgusting," said another. "This is what homes cost here 10 years ago." Indeed, Mr. Pronskey

himself was selling the neighborhood's first condominiums, seven-room condominiums, in 1977 for \$23,000.

"It blows people's minds," Mr. Pronskey said. "For the price of a house they are getting a piece of concrete the size of this desk."

"These people are very short-sighted," he said of his detractors. "As Will Rogers once said: 'They aren't making any more parking spaces' — or words to that effect."

"Some buyers," he said, "say their friends laugh at them for paying so much, but I don't think it's so much. These spaces will be worth \$100,000 someday, someday soon."

The first spots were sold to renters in the garage last summer for \$25,000, then the price went to \$29,000, and this month Mr. Pronskey raised the prices to \$30,000 to \$34,000.

"Garage owners in Manhattan are calling me about this

concept," he said. "They think: \$30,000 in Park Slope; \$130,000 in Manhattan."

Not only are they not making any more parking spaces in Park Slope, several garages there have been converted into apartments. Mr. Pronskey recently bought a second home because it was one of the rare ones in the neighborhood with a garage. He uses the garage and rents out the house.

Residents of Park Slope say the parking situation there worsens as more people move into the neighborhood.

They say that after 6 P.M. it can take more than an hour to find a space.

"After 10," said one owner, "forget it."

The car-condo owners say one of their favorite sights is watching other cars go round and round in search of a parking place.

Suriname Insurrection Adds to Economic Ills

Tribesmen Seek to Oust Military Ruler

By Bradley Graham
Washington Post Service

MOENGO, Suriname — In the most dramatic moment of a guerrilla war that has lasted more than six months, rebels took control of Moengo, Suriname's main mining center, for more than a week late last year before the army swept them back into the rain forest.

The insurrection pits a disaffected former soldier, Romny Brumwijk, and a group of jungle tribesmen against the unpopular forces of the self-proclaimed leftist revolutionary, Desi Bouterse, who is Suriname's military ruler.

The guerrilla war has posed the most disruptive threat to Suriname's government since the coup that brought Commander Bouterse to power in 1980.

The U.S.-owned bauxite mine in the remote village of Moengo remains shut, choking Suriname's primary source of foreign exchange. In its quest for international assistance, Commander Bouterse has found little sympathy. His government has been accused often of human rights abuses.

Surinamese officials accuse the Dutch of turning the world against them. The Netherlands, the former colonial power in this small country, try on the northeast shoulder of South America, cut off development aid four years ago.

More recently, Dutch officials publicized evidence of indiscriminate killing by army soldiers in the Capital, Paramaribo, and in eastern villages. Last month Commander Bouterse asked the Dutch ambassador to leave.

The United States and France have warned Commander Bouterse not to seek aid from Libya, which is suspected of trying to establish a base in Suriname for terrorist operations.

Commander Bouterse, 41, said in an interview that some foreign powers, which declined to name, had offered him a haven and "several million dollars" to abandon Suriname. But he said he had no intention of doing so.

Commander Bouterse, who rose from sergeant to lieutenant colonel after taking power in 1980, and now prefers the title of commander, is promising democratic elections by early next year.

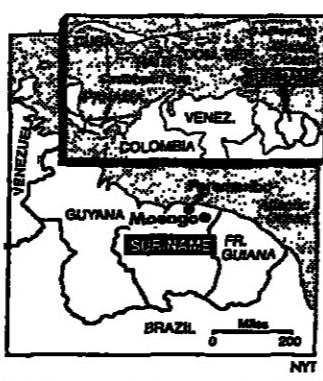
Many Surinamese are skeptical, recalling unfulfilled past pledges. A new constitution, due in draft form in March, is expected to preserve a dominant role for the armed forces.

Commander Bouterse said, that at the urging of supporters, he was "seriously considering" running for president.

The 1980 coup displaced the ci-



Desi Bouterse



Florida May Free Convicts To Ease Overcrowding

New York Times Service

TALLAHASSEE, Florida — The state will probably have to start letting convicts out of their cells unless something is done quickly to relieve overcrowding in the prison system, officials say.

Governor Bob Martinez called for a special legislative session this week to consider an emergency appropriation of \$34.3 million for the corrections system.

A state law, enacted after settlement of a federal lawsuit charging that Florida's overcrowded prisons constituted cruel and unusual punishment, requires the release of prisoners if the system reaches 99 percent of capacity. On Friday, there were 32,544 inmates, 106 short of the limit.

Mr. Martinez warned that this could mean the release of more than 200 prisoners "within a matter of weeks, if not days."

He said they would include 22 inmates convicted of murder, 32 inmates convicted of sex offenses, including 15 convicted of sex of-

fenses against children, 30 inmates convicted of offenses involving firearms and 153 inmates convicted of offenses involving the sale of dangerous drugs.

Those prisoners would ordinarily be eligible for release this month, but Mr. Martinez said he opposed early release, even if it was only one day.

The state's booming population is cited as a key factor in straining the capacity of the corrections system, along with tougher sentencing and a reluctance to spend money on prisons.

Hundreds of inmates are living in olive drab tents at many of the state's 32 prisons.

Other states have found themselves in a similar predicament. A federal judge held Texas in contempt of court last month for failing to carry out prison improvements the court had ordered. Several states, particularly in the South, are under court order to ease overcrowded conditions.

Donald Lowitz, U.S. Disarmament Delegate, Dies

International Herald Tribune

GENEVA — Donald S. Lowitz, 57, the U.S. representative at the Geneva Conference on Disarmament, died here Saturday, apparently of a heart attack.

His death occurred on the eve of the resumption of talks by the 40 nations of the conference, which meets at United Nations headquarters here.

Mr. Lowitz, a Chicago attorney, had headed the U.S. delegation to the conference since 1984, focusing primarily on a U.S. draft treaty for banning the production, storage and use of chemical weapons.

The Geneva talks on chemical weapons have made steady progress during Mr. Lowitz's tenure. Over the past three weeks he had been involved in intensive negotiations with the Soviet Union and other nations.

The disarmament conference is separate from the U.S.-Soviet negotiations here on nuclear and space weapons.

Mr. Lowitz was born and educated in Chicago, receiving his legal degrees from Northwestern. He worked as an assistant U.S. attorney

for the northern district of Illinois from 1954 to 1959 and held other U.S. government posts, both in Chicago and Washington.

Idris Barzani, 44, Kurdish Rebel Leader

TEHRAN (Reuters) — Idris Barzani, 44, a Kurdish guerrilla leader opposed to the Iraqi government of President Saddam Hussein, died Sunday of heart failure, Iran's press agency IRNA reported.

Mr. Barzani, with his brother Massoud, led the Kurdish Democratic Party in a rebellion demanding autonomy for Iraq's 2.5 million Kurds.

They are from a large Kurdish clan, and their father, Mustafa Barzani, led the insurgency against the Baghdad government from the 1930s until 1975, when the Iranian government withdrew its support as part of a treaty with Iraq. Mustafa Barzani died in 1979.

Alessandro Blasetti, 86, Italian Movie Director

ROME (Reuters) — Alessandro Blasetti, 86, an Italian film director who made his name with a series of historical films in the 1930s and 1940s, died Sunday. He had a circulatory illness for several years.

Mr. Blasetti, who began making movies in 1928 after working as a journalist and film critic, rose to prominence with the 1934 movie "1860," a view of Garibaldi's conquest of Sicily seen through the eyes of two peasants. In 1934, his "Vecchia Guardia," ("Old Guard") put him at odds with Mussolini's regime.

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Donald S. Lowitz

Sala Burton, 61, Representative in U.S.

WASHINGTON (UPI) — Representative Sala Burton, 61, Democrat of California, who succeeded her late husband, Representative Phillip Burton, in Congress before being elected on her own, died here Sunday. She had undergone cancer surgery recently.

Mrs. Burton easily won a special election in June 1983, outdistancing 10 other candidates. Her husband, Phillip Burton, a liberal strategist who missed being elected House Democratic leader by one vote in 1976, died in 1983 at 56.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Communism at Issue

It is a spectacle of rare proportions. The 20th century's two greatest experiments in government are consumed by inward struggle. Soviet and Chinese leaders decided that their nations could not move forward without moving in some ways toward the capitalist economies rejected by their revolutions and without embracing some elements of freedom. But how much and what sort of movement can their Communist systems take without revolution or reaction?

The Soviet system that Mikhail Gorbachev hopes to reform has been around almost twice as long as the Chinese brand. Stalin implanted it more brutally and firmly than did the Chinese, who worried over their grafted version almost from the start. Also, China has a tradition of activism among students and other elites.

Russian-style dissent seems more individual. The experience of the rehabilitated Deng Xiaoping and others in the Cultural Revolution taught them firsthand the evils of arbitrary authority. Russians with such memories have now made it back to power.

Mr. Deng began his reforms in 1978. The centrality of agriculture in China gave him a natural starting point. Dramatic success in that sector launched him well into reform — and its attendant problems. When economic movement began to jar the system, talk turned to reforming the bureaucracy. When this debate went public, the reformers soared to greater goals — free speech, a free press, more open elections. Then, last month, the students took to the streets, and Mr. Deng cracked down.

Mr. Gorbachev, meanwhile, has been in

office less than two years and has spent much of his energy just trying to rouse a torpid society to the severity of Soviet problems. His focus against the KGB and now against sluggishness in the party itself demonstrate the extremes to which he feels it necessary to go to ignite reforms.

The reform impetus in both cases comes almost exclusively from the top. Workers cherish security, managers the simplicity of the old controls, bureaucrats and party members their power. Can reforms prevail against these entrenched groups, or without them? For now, Mr. Gorbachev finds allies among intellectuals. Mr. Deng did, too, until they leaped ahead of him. His response and that of Zhao Ziyang, the new party leader, is to try the path of reforms with limited purges of radicals.

At the age of 82, Mr. Deng nearing the end of his rule, and experts ask whether reforms can outlast him. Mr. Gorbachev at 56 has barely begun. He seems to have all of Mr. Deng's energy and vision, but perhaps not his guile. And perhaps Russian society will prove more resistant to change than China's. Certainly its multi-ethnic nature makes decentralization look even riskier.

Mr. Deng, confronted by demands for more freedoms more quickly, has just pulled back. Mr. Gorbachev, confronted by inertia, pushes boldly forward. The general loosening of controls that each has chosen elicits sympathy in the West. Beyond that, outsiders can do little to influence these remarkable endeavors which, win or lose, will do so much to shape the world.

— THE NEW YORK TIMES

Now Filipinos Decide

For the benefit of the producers of inscribed T-shirts and coffee mugs and comparable message-bearing wares, someone a while back revised the famous saying to read: "When the going gets tough, the tough go shopping." No one has done more to give life to this revised maxim over the years than Imelda Marcos, wife of the deposed Philippine president, Ferdinand Marcos. Last week it became plain that she is still working at it, when news of her foray into the unaccustomed world of army surplus became known. Was Mrs. Marcos making her \$2,000 worth of purchases to suit up an I-shall-return landing force planning to recapture the Philippines for her husband? Or was she, as Mr. Marcos said, merely seeking to outfit her Hawaii-based security guard properly? We don't know. Before we could settle down to address the question seriously, our attention was distracted by the inevitable spectacle of a bare-chested Mr. Marcos pinching and kicking and otherwise cowering in his gym clothes in a televised videotape apparently meant to reassure his supporters that he is fit as a fiddle and ready (no one has doubted that he was willing) to reassume the burdens of the key professional soldier in the Philippines. General Fidel V. Ramos.

One reason she has been in such great peril is that, in large part as a result of her own early choices, she has been operating in a kind of institutional free float. She abolished the old constitution and the old legislature and cleaned out local offices much too sweepingly after her ascent to power, and so she has been without any but the most intangible mandate for the past year.

Filipinos are now voting on the new constitution proposed by a commission she set up. There may be much violence, or the vote may be fairly orderly. But if the constitution is accepted, then Cory Aquino, although still facing enormous threats and still in charge of a country with murderous problems, will have taken a step toward legitimacy that will bolster her claim on office and undergird her popular support. It is hardly an accident that the attempted overthrow, comic opera-style or not, came on the eve of this voting. In that sense the insurgency was very serious: Everyone knows that the voting could change the odds in Mrs. Aquino's favor.

— THE WASHINGTON POST.

A Korean Way Forward

President Chun Doo Hwan's repressive South Korean government does not deserve much benefit of doubt. But Mr. Chun has cause now to be more reasonable. He desperately seeks success for the Olympics next year and the legitimacy the games will confer. This gives the democratic opposition real leverage. There could be an opportunity here for opposition leaders to find an accommodation, to establish democracy without a mutually destructive showdown.

The obstacles loom large. Compromise is not prominent in the Korean political tradition; a winner-take-all attitude seems ingrained. Yet on both sides some leaders privately profess flexibility. Public flexibility is constrained on the right by the military and on the left by the students. To suggest compromise is to risk loss of power, as one opposition leader has discovered. Trust remains the critical missing ingredient.

Recently the atmosphere has become even more difficult because of the death, under police torture, of a young political detainee. But under pressure the government took the highly unusual steps of accepting responsibility for the tragedy and dismissing the interior minister and the national police chief for their roles.

The central political debate is over the conflicting proposals for restructuring the constitution before President Chun steps down in 1988. He wants an indirect parliamentary system: the opposition wants a continued presidential system but with di-

rect elections. In theory there is room here for advancing democracy by compromise, but so far that has not happened.

Power is at stake as well as philosophy. Articulate and well known opposition leaders like Kim Dae Jung and Kim Young Sam would fare well in a direct democratic presidential election. The ruling party, with no equally appealing personalities, figures that its best bet is an indirect parliamentary system that maximizes the advantages of organization and incumbency. The government could force its plan through, but it hesitates for fear of tainting the credibility of the resulting regime both in South Korea and in the United States.

Lee Mun Woo, an opposition leader, recently proposed a middle ground. The opposition would consider parliamentary rule in exchange for guarantees of broader political freedoms and truly free elections. His own party quickly repudiated him. Nonetheless, his plan focuses properly on the substance of democratization, freedoms and fair elections, rather than the form of government. Perhaps the opposition could reformulate this in some way that would test the Chun government's real intentions.

If a solution is not worked out this year, in time for orderly elections, 1988 could bring disorder and worse. That is a distinct possibility that moderates on both sides should now be doing their utmost to avoid. Let them find courage and take a chance.

— THE NEW YORK TIMES.

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OPINION

An Anti-Stalinist Tide Is Flowing Again

By Stephen F. Cohen

P RINCETON, New Jersey — For the first time in more than 20 years, anti-Stalinism is becoming a major factor in official Soviet politics. Explicit criticism of Stalin's long, often murderous rule was banned after the 1964 ouster of Nikita Khrushchev, who had made it a driving force of his reform campaigns. A glorification of the country's historical achievements, imposed by his conservative successor Leonid Brezhnev, prevailed for the next two decades. But since 1985, as Mikhail Gorbachev's own reform proposals have grown bolder, so, too, have sanc-

tions. The same trends are reflected in the work of economists, sociologists, political scientists and even historians, who form one of the Soviet Union's most censored and timid professions.

Anti-Stalinism had been dismissed by some Western scholars as a spent force. How is this resurgence to be explained? Part of the answer is the magnitude of Stalinist crimes, which claimed tens of millions of victims. Until those atrocities are fully acknowledged and discussed, they will remain an intensely contemporary issue for many Soviet citizens. As a result, Mr. Gorbachev's campaign of *glasnost*, or "openness," cannot easily be limited to current problems. A society that wants truth and openness, as Mr. Ryabkov and other intellectuals have said, must be truthful and open about its past.

Above all, anti-Stalinism is the unavoidable corollary of Mr. Gorbachev's increasingly radical calls for reform. Despite important changes under Khrushchev, the underpinning institutions and procedures of the Soviet system are still those created by Stalin in the traumatic 1930s.

Therefore, Mr. Gorbachev's various proposals to reduce the state's economic monopoly in favor of partial privatization and to curtail central bureaucratic control in favor of individual initiative in other areas of life bring him into fundamental conflict with Stalin's legacy.

In recent months, Gorbachev supporters have been remarkably explicit in linking the failures of the existing system to the Stalinist experience. Their complaints focus on a "bureaucratic labyrinth" that imposes a "complex of prohibitions" on society and treats everyone like a "cog."

Recalling that the bureaucratic system took shape in the 1930s amid, as one critic wrote, "bloody terror and mute submission," they call for the abolition of "obsolete forms and methods that emerged 50 years ago." Not surprisingly, many also find a relevant alternative in the far more liberal, marketized Soviet system of the 1920s, the New Economic Policy, known as NEP. They argue that by destroying it in 1929, Stalin betrayed Lenin's legacy.

As the struggle over reform intensifies, this kind of anti-Stalinism offers Mr. Gorbachev important advantages. It can help undermine dogmas, legitimize change and attract idealistic supporters. But it is dangerous, because it calls into question Stalinist pillars of the Soviet system, such as the collectivized agriculture imposed from 1929 to 1933, and because, as Mr. Gorbachev and other officials admit, it still arouses deep divisions in society.

Although Mr. Gorbachev clearly stands behind the anti-Stalinist past, he has remained aloofly silent about the Stalinist past. When he finally speaks on this crucial subject, it will reveal much about his commitment to far-reaching change and about the forces that oppose it.

The writer, professor of politics at Princeton University, is a frequent commentator on Soviet affairs.



In the Gulag before Gorbachev.



In the Gulag after Gorbachev.

Europe: But What About the Farmer in Bavaria?

By Pierre Lellouche

This is the second of two articles.

fact adopt a posture of nuclear isolationism consistent with the trend of its public opinion but tragic for non-nuclear Europe, for this would be the end of the U.S. nuclear guarantee. Ironically, France and Britain would be enough weapons on each side to contemplate a destructive second strike.

So much the better then for the United States and the Soviet Union, which would each be reasonably assured that the other would not attack it out of the blue.

However, assuming that a reduction to such low levels can be verified (which is by no means obvious), the central question this plan raises is: What would be its consequences for Europe? The logic of minimal deterrence, as French experience shows, excludes any extension of one's nuclear umbrella to anyone else.

In order to credibly extend its deterrent over Europe, the United States has constantly striven to acquire more weapons and greater accuracy than to have more "options" than conceding defeat on the ground or escalating to all-out nuclear war. Hence the decision in 1979 to deploy Pershing and cruise missiles.

Under a regime of minimal deterrence, however, there would not be enough weapons to ensure adequate options. Each superpower, as France and Britain do today, would reserve the use of its small nuclear arsenal for last-resort deterrence of an attack directed at its own territory.

The trouble with all this is that, rightly or wrongly, the NATO alliance was built on the notion that the farmer in Bavaria and the farmer in Iowa are equal in the face of nuclear danger. Withdrawal of American deterrence would inevitably signify the end of the Atlantic alliance as we have known it.

To make things worse, contrary to what Mr. McNamara has been arguing,

ing, there is no conventional alternative to nuclear deterrence. A first reason is money. A glance at budgets in the West shows that no government is in a position to increase its defense spending. Indeed the reverse is happening — and in Mr. Reagan's America too. As to the "modest cost" of conventional arms, Mr. McNamara, as a former Pentagon chief, should know better. Nuclear arms are much cheaper than conventional forces. (In the United States as in France, the nuclear arsenal accounts for only 20 percent of total arms expenditures.)

A second reason is manpower. Conventional defenses require men, and men are turning into a scarce resource in the West, in part because

of demographic trends (in the Federal Republic in particular), in part because there is no conscription in the United States or Britain, and finally because the United States is unlikely to keep 300,000 troops in Western Europe forever.

A third reason is that there is no such thing as "conventional deterrence." A balance of forces based on conventional arms alone has always led eventually to war. The Iran-Iraq war is only the latest in a series of 250 conventional conflicts since the end of World War II in regions not covered by nuclear deterrence.

The Europeans know this from their own history, and that is why, despite the painful controversy of the past few years over the deployment of Pershing and cruise missiles, no hard European today regards Reykjavik as a positive breakthrough. Withdrawal of intermediate-range missiles, as was agreed to in Reykjavik, or moving or more like it cannot produce a settlement. It is not for the United States to decide South Africa's future. The fact of talking is the point: to show South Africans that it is possible to deal with the ANC.

The other significance of the meeting is that the ANC wanted it. Establishing a relationship with the U.S. government had not formerly been a high priority for the ANC. Now there is evidently an understanding that America is an essential player.

Washington also can make his clearer its disapproval of South African aggression, military and economic, against neighboring countries.

Consider Botswana, an entirely uninviting neighbor. On June 14, 1983, South African forces supposedly looking for terrorists blew up houses in Gaborone and killed many innocent citizens. Now, through its pawn of South Africa's ANC, Pretoria is trying to obstruct Botswana's external transportation routes.

The next time Pretoria engages in such aggression, Washington should act. It could order the closure of one of South Africa's U.S. consulates in the United States. Or it could call on European allies to join in cutting all airline links to South Africa.

America also can act affirmatively to strengthen neighboring countries that are under such pressure from South Africa. The Reagan administration has talked a good deal about this, but it has done so little that governments in the region do not feel that they can count on U.S. support.

The critical need is help in building up alternative transportation routes in order to reduce dependence on South African railroads and ports. Substantial U.S. aid would not only advance those projects but send a message of commitment and warning to South Africa: Hands off.

More broadly, America can help stimulate economic development. All of the front-line states, including those that call themselves Marxist, now look to the United States economically. That is an opportunity for America, but it has been fudged by wavering policies: aid grants that cutoffs or withdrawals.

There is a particularly harmful example here in Zimbabwe. All U.S. aid was suspended after a government official attacked the United States at the U.S. Embassy's July 4th party last year. The attack was stupid, but the response was immature and self-defeating. The U.S. aid program went mainly to the private sector here: farms and businesses that the United States wants to build up.

Even with an active American role, is there any hope of real change in South Africa? It will not be easy. But an old American hand there said:

"Twenty years ago virtually no whites could envisage living under majority rule. Today 20 percent say they are ready for it. The figure will grow if and as the cost of white supremacy goes up. That is hope."

Providing An Example By Talking

By Anthony Lewis

HARARE, Zimbabwe — As South Africa hardens in its determination to maintain white supremacy, what can the United States do? Has it any useful role to play in this region? The questions are urgent. For it is ever clearer that apartheid threatens the peace of the whole area, with potentially dangerous consequences for the West as well.

On the surface, the possibilities of influence look dim. The Reagan administration's attempt to wheedle Pretoria toward change has antagonized

The next time Pretoria attacks a neighbor, Washington should act.

itized the black majority and made the governing whites contemptuous of Washington. In the black-ruled neighboring states, too, there is deep skepticism about U.S. intentions.

But after several weeks in the area I am convinced that recent policy blunders and the inherent intractability of the situation do not exclude a helpful American role. To the contrary, I believe that if reason is to have a chance in South Africa, the United States must play a part.

And there are things to be done.

First, America can show the Africans that there is an alternative to rule by force: negotiating the future.

That was the importance, the great importance of Secretary of State George Shultz's meeting last Wednesday with Oliver Tambo, leader of the African National Congress. For years the Reagan administration has urged Pretoria to talk with credible opposition leaders, but the advice lacked conviction because top Reagan officials did not themselves talk with the ANC. Now, to the administration's credit, it has started.

Of course the Tambo-Shultz meeting or more like it cannot produce a settlement. It is not for the United States to decide South Africa's future. The fact of talking is the point.

The other significance of the meeting is that the ANC wanted it. Establishing a relationship with the U.S. government had not formerly been a high priority for the ANC. Now there is evidently

IA Chief: Career Officer, Soviet Expert

The Associated Press

WASHINGTON — Robert M. Gates, who was selected Monday to become director of the Central Intelligence Agency, is a career intelligence official who is an expert on the Soviet Union.

Mr. Gates, 43, was appointed deputy director in March and has been acting director since the illness of William J. Casey, whose resignation was announced Monday.

As deputy director, Mr. Gates has also served as chairman of the National Intelligence Council, directing the preparation of national intelligence estimates put together in cooperation with the various national security agencies.

He took over as deputy director after the resignation of John N. McMahon, who opposed the Reagan administration's expansion of covert military operations in Third World conflicts.

Mr. Gates joined the Central Intelligence Agency in 1966 as an intelligence analyst. He rose through the ranks on the analytical side as opposed to the operational or covert side.

His service at the agency was interrupted for six years, when he worked on the staff of the National Security Council from 1974 to 1980, under Presidents Richard M. Nixon, Gerald R. Ford and Jimmy Carter.

Mr. Gates, who holds a doctorate in Soviet

Covert action is an appropriate instrument of foreign policy, as long as it is taken within a broader context.'

history from Georgetown University in Washington, became the CIA's intelligence officer for Soviet affairs for two years after returning to the agency.

He then was named deputy director for intelligence, in charge of analytical studies.

During his first years at the CIA, Mr.

Gates served as a specialist in strategic arms limitation issues, advising officials during the negotiations of the 1970s.

A native of Kansas, he is married and has two children.

Senator Patrick J. Leahy, Democrat of Vermont, speaking during Mr. Gates's confirmation hearings as deputy director last year, called him "an extremely professional member of our intelligence community."

During those hearings, Mr. Gates defended the agency's use of covert activities and vowed to work to curtail leaks to news organizations.

Mr. Gates said that covert action is "an appropriate instrument of foreign policy, as long as it is taken within a broader context."

In the case of large-scale paramilitary activities, it is difficult to keep American involvement secret, he said.

But, Mr. Gates told the committee, even when a program becomes widely known, official involvement can still be denied and that provides "a fig leaf" for the United States in international circles.



Robert M. Gates

SOVIET: For One Russian Citizen, the Struggle to Emigrate Continues

(Continued from Page 1)

protesting the confiscation of his farm, and he never returned.

His wife's mother and brother were sent to labor camps for scavenging corn from the fields during a famine in the 1940s, he said.

"I've understood since I was a child that people like us would always be in conflict with the Russian people," he said. "It's not just the political system, it's the whole society."

In 1973, Mr. Yevsyukov, retired after 25 years as a navigator for the government airline Aeroflot and working as an airport radio engineer, applied to move his family out of the Soviet Union.

It was an interlude when emigration was being granted with a special ease to Jews bound for Israel or the United States, but the Yevsyukovs were told that because they were not Jews and had no relatives abroad, they had no legitimate reason to leave.

Two years later, his son, also named Serafim, turned 18 and was called into the army. He refused to go because of the family's intention to emigrate, and he served two and a half years in a labor camp as a draft resister.

When the family persisted in seeking to emigrate, the son was imprisoned again on the same charge. He is now confined to a camp in central Siberia.

At the clinic south of Moscow, he lived in a ward of 42 patients, many of them so severely ill they would weep or sing through the night, and sometimes have to be restrained by female nurses from attacking each other.

Once or twice a day, he said,

nurses injected him with a drug he heard them describe as haloperidol, a strong tranquilizer often used in the treatment of psychiatric disorders.

The drug kept him in a state of restless half-sleep, he said, physically exhausted and disoriented.

On Jan. 13, the day before his 54th birthday, Mr. Yevsyukov said, he was summoned by two clinic officials for an interview. They asked about the label he had worn and about his desire to emigrate but showed no interest in discussing his health, he said.

"They said, 'Maybe you should find new friends, or find a hobby. Go to the theater. Try to avoid problems,'" he said.

A week later he was called in again for a final warning before he was freed.

"They advised me that things could be worse," he said. "that the

military could arrest me at any time and put me in the clinic again if I continued to wear the label."

"I told them I would take off the label only when my son is free," he said.

Each member of the family wore the label. "Prisoner Yevsyukov."

The demonstration was not interrupted by nearby militiamen, but it drew curious stares from the crowds on their way to the nearby Rossiya Theater, which is currently showing the hottest new movie in Moscow, "Revenge," an allegory about the terrorizing of innocents in the days of Stalin.

Mr. Yevsyukov's wife, Gennadi L. Gerasimov, and the number for February is likely to be higher."

Mr. Gerasimov said the increase was attributed to new emigration rules that went into effect Jan. 1. He said that the process will be "in full bloom" by next month and that more cases may be decided positively.

In 1986, only 914 Soviet Jews

were given emigration visas, according to figures released in the West. Although the January figures also include non-Jews, the number nonetheless shows a significant jump because Jews make up the majority of Soviet emigration.

"The number for January is several times higher than the one for December," said the Foreign Min-

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Benny, Not So Good

By Mike Zwerin
International Herald Tribune

PARIS — "To Russia Without Love," the bassist Bill Crow's inside story of life at the court of the "King of Swing," portrays the late Benny Goodman as a not-so-benevolent despot.

Crow's four-part series has just finished running in the monthly *Jazzletter* published in California. One "I had known for years that Goodman was widely disliked," said Gene Lees, the publisher of *Jazzletter*, "but I had no idea of the intensity of the feeling. Goodman's behavior seems to have gone well beyond gratuitous cruelty."

When Goodman died, various people urged Lees not to publish. "To those who didn't know Benny," one said, "anything you say against him is like insulting Christ. And to those of us who did know him, it's like insulting Mussolini." Any doubts were dismissed when Lees heard a television newscaster say: "Mr. Goodman was a humble and kindly man."

In an appreciation written after Goodman's death last June, the jazz critic Leonard Feather noted that Goodman was often characterized as a difficult and eccentric man. "He demanded dedication and at least a measure of the artistry that he brought to his own work" from his musicians. "When it was given he appreciated it, because nobody was ever more wrapped up in his music."

Goodman was once quoted as saying: "If you're interested in music, you can't stop around." Feather noted that, for every embittered musician who experienced Goodman's critical, steely-eyed "ray" when he muffed a note, "there would be another with whom a pattern of mutual respect emerged."

In his introduction to the series, Lees writes that Goodman called all his musicians "Pop" because he couldn't or wouldn't remember their names, and that he referred to them collectively as "my boys," even though some of them were in their 40s. As with all his female vocalists, he called Helen Forrest "my girl singer." In her autobiography, Forrest calls Goodman "the roughest man I have ever met."

Goodman told Johnny Guarino that he was one of the worst pianists he had ever heard, reducing him to tears. He repeatedly



Benny Goodman "treated everyone like slaves."

pushed his clarinet down over Jerome Richardson's music stand so that he had trouble reading the parts, until the saxophonist finally found the courage to push the clarinet aside. Zoot Sims pushed Goodman aside when the bandleader blocked his route to the microphone. Goodman whistled while Bud Freeman improvised. The drummer Sidney Catlett was fired shortly after bringing down the house with a solo. The king tolerated no competition from his serfs.

Bill Crow is an intelligent, experienced, successful musician who has played with everybody, and he writes more out of sorrow than bitterness. "Whenever veterans of Goodman's bands find themselves working together, they tell stories about him, either to marvel once again at his paradoxical nature or to exercise with laughter the trauma of having worked for him. The stories may sound exaggerated to anyone who never dealt directly with Benny. Benny apparently did something to insult, offend or bewilder nearly everyone who ever worked for him."

The story focuses on Goodman's 1962 State Department-sponsored tour of the Soviet Union. During rehearsals, before leaving, the

series ends wistfully, with a

story about one time, unfortunately all too rare, when "the music was excellent, Benny sounded great and we all left smiling."

DOONESBURY



Dior Backs Lacroix's Rising Star

International Herald Tribune

PARIS — Christian Lacroix, the hottest designer in Paris fashion, will launch a new couture venture with the backing of Bernard Arnault, president and major stockholder of Financière Agache, the financial group that owns the house of Dior.

Lacroix resigned Saturday from Jean Patou, for which he was signed for the last five years.

"We're hoping to do, 40 years later, what Marcel Boussac did

HERE DORSEY

with Christian Dior," Arnault said in an interview Sunday.

Arnault's move to bring Lacroix into the same group as Dior could also be a shot in the arm to the older house, which celebrates its 40th birthday this spring. Arnault said that when he became president of Dior in 1985, he found a healthy situation with the main revenues coming from licenses in the United States and Japan. But, through the years, the house of Dior has lost its luster and its position as a trend-setter. Although the name still commands wide recognition, Dior is no longer the house that the late Christian Dior made famous with his New Look. This was right after the war and regained for Paris its position as fashion leader.

Today Dior's couture is still selling a sizable number of evening gowns — 500 a year at an average price of 70,000 francs. There are four work rooms, plus a hat work room, and 120 seamstresses. But the couture is in the red — as it is at most Paris houses — and Dior has not been able to produce successful ready-to-wear.

Although the new venture will be separate from Dior, Lacroix said one reason he accepted the offer was that Dior "is truly the most elegant, the most French image in the history of couture." The announcement is to be made officially at a press conference today.

Arnault said that he had never seen a Patou collection but decided to go ahead because Christian is one of the best, if not the best, designer of his generation. I'm very excited about the whole thing. This is even more exciting than buying Dior."

Arnault said that "after meeting Lacroix I felt it would be a pleasure to work with him." He added that he was ready to invest five million francs (\$830,000) for a start and would go as far as 50 million francs in backing the new company, which will be named for the designer.

Lacroix will be starting in style, reminiscent of the early days of Christian Dior, with a couture

house installed in a town house. The house has not been picked yet, but Arnault expects to be settled by April 1. The first couture collection is scheduled for July, and the first ready-to-wear collection for March 1988. Other products, such as accessories and perfumes, will follow.

Lacroix, 35, has rocketed to fame in three seasons. He has been designing the couture line for Patou for five seasons, but it was his winning a year ago of the Dé d'Or (or golden thimble), an award given by the French daily *Quotidien de Paris* that crowned his rapid rise. Now the most copied designer in the world, he has radically changed the course of fashion from strict and severe to wild and wacky. He it was who brought back the fun and frivolity of the pouf skirts, bustles and petticoats which have dominated the last couple of seasons.

Lacroix said he saw his future couture house as being "modern, contemporary and lighter. Why show 200 dresses when 60 is enough? But we'll remain faithful to the spirit of Paris couture, which is meant to be a dream."

Lacroix added that his next project will be new and different ready-to-wear. "We succeeded in showing that couture could be different. We hope we can show another way to do ready-to-wear. It will have to be young and witty and not just about beautiful fabrics. Something else besides dowdy silk dresses in polka dots."



Arnault (left) with Lacroix yesterday. Right, a bustle dress from Lacroix's current collection.

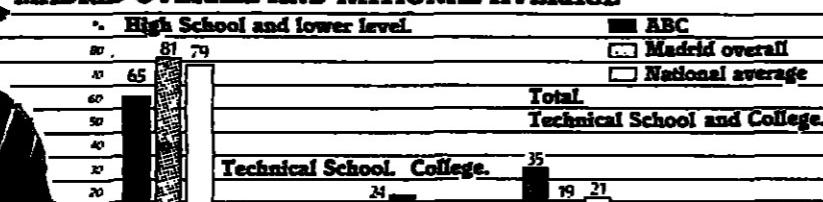


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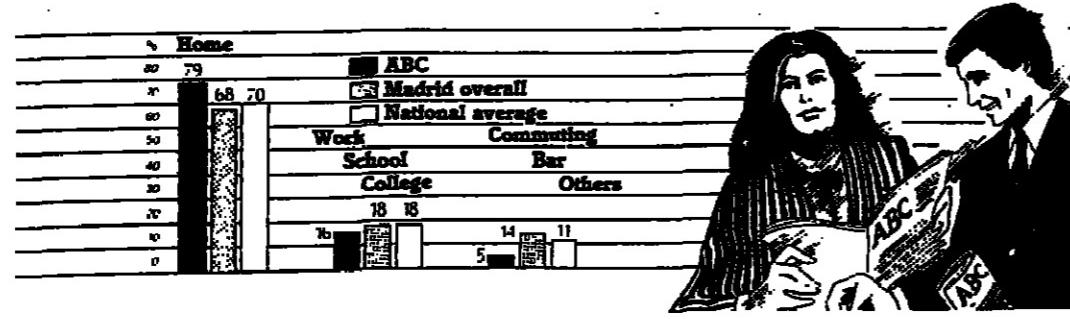
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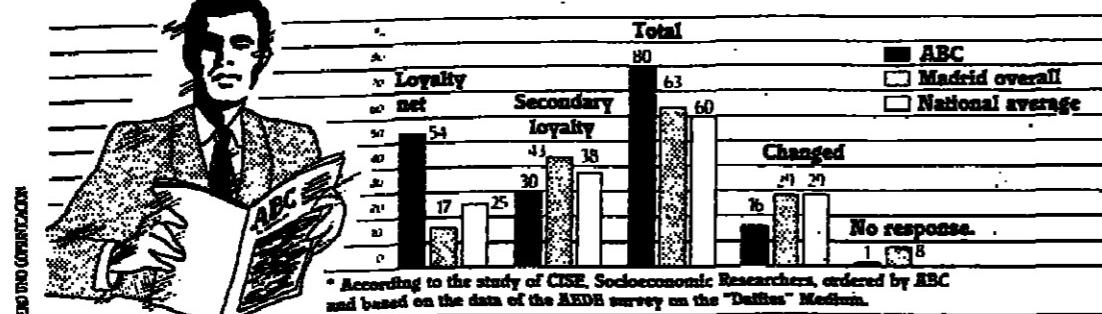
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TUESDAY, FEBRUARY 3, 1987

INTERNATIONAL STOCK MARKETS

New Head of Madrid Bourse Acts to Lure Foreign Funds

By JULES STEWART

Reuters

MADRID — The new chairman of the Madrid Bourse, Enrique José Benito, says he will push ahead with market reforms aimed at attracting more foreign investment. "We have to speed up reforms such as opening the stock exchange to foreign companies and speeding up the settlement system," Mr. Benito said in an interview.

These reforms, he continued, would help attract more foreign investment to the Bolsa de Madrid — as the bourse is formally called. It experienced a record rise last year, largely fueled by European institutional investors.

"We expect these changes to take place in a context of expansion for the economy and hence for the stock exchange," he said.

Mr. Benito took over as head of the exchange last month from Manuel de la Concha, who had proposed a two-year timetable to allow foreign companies to quote their shares in Madrid.

Both men are partners in the CMB stockbroker firm. Mr. Benito, 52, has been a broker on the Madrid Bourse since 1968. He was elected chairman of the exchange for a two-year term.

The Madrid index rose by a record 108 percent last year compared with 30 percent in the previous year.

Until this year, the index was reset at 100 at the start of each year, so in 1986 it finished at 208. But now, the Madrid Bourse has decided to use the same system as other major markets — to let figures accumulate.

Starting at 208 on Jan. 1, the index had risen to 245.91 at the close of trading on Monday.

The index is made up of 72 Spanish securities. Trading is dominated by a handful of concerns, mainly the telephone company Telefónica, big banks such as Banesto and Central and electrical utilities such as Iberduero and Hidroeléctrica.

The original two-stage plan called for granting clearance first to fixed-income securities, instruments of international agencies and straight debentures of European Community firms with Spanish affiliates, which would be listed this year.

Final deregulation was to come next year, when foreign companies would be allowed to quote in Madrid.

THE NEW chairman said he wanted to move faster to internationalize the Bourse and provide more securities to meet rising demand. He noted that foreign companies, attracted by Spain's buoyant economy, had expressed interest in placing their shares in Madrid.

"We are looking to a year of expansion aided by low interest rates," he said.

He added that the Madrid index would probably show more moderate growth this year, but that foreigners would remain net buyers.

Market analysts said foreign investment and improved corporate performance were the key factors in last year's record index rise.

Foreign turnover in the Madrid Bourse topped \$4.2 billion last year, compared with \$3.9 billion the previous year. With \$7.77 million, Britain was the top investor country, followed by West Germany and Switzerland.

Total turnover on the Bourse last year was \$37.6 billion.

Currency Rates

Cross Rates									
Amsterdam	2.615	\$	1.714	12.20	F.12.00	1.038	12.95	84.99	Yen 14.19
Buenos Aires	1.192	\$	2.07	—	—	1.00	—	10.95	Yen 1.42
Brussels	1.192	\$	2.07	—	—	1.00	—	10.95	Yen 1.42
London (B)	1.145	\$	1.714	12.20	F.12.00	1.038	12.95	84.99	Yen 14.19
Milan	1.294	\$	1.635	11.98	F.11.98	1.048	13.05	85.75	Yen 12.55
New York (C)	0.6575	\$	1.1725	22.46	F.22.46	0.9375	22.42	17.2	Yen 1.35
Paris	1.145	\$	1.714	12.20	F.12.00	1.038	12.95	84.99	Yen 14.19
Paris (B)	1.145	\$	1.714	12.20	F.12.00	1.038	12.95	84.99	Yen 14.19
Zurich	1.521	\$	2.2223	84.28	F.84.28	0.9198	74.24	49.67	Yen 9.71
1 ECU	1.129	\$	2.2602	84.89	F.84.89	0.9235	74.62	49.27	Yen 9.35
150R	1.264	\$	1.523	7.697	F.7.697	1.0212	2.959	47.954	Yen 1.144

(a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (d) Units of 100 (e) Units of 10,000 (f) Not quoted (g) Not available (h) To buy one pound: 14.51.321

Other Dollar Values

| Currency per U.S. Dollar |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Armenia 1.314 | Barbados 4.498 | Costa Rica 1.025 | Denmark 1.025 |
| Australia 1.578 | Greenland 1.025 | Egypt 1.025 | Finland 0.6449 |
| Greece 1.192 | Iceland 1.025 | Honduras 1.025 | Iceland 1.025 |
| Haiti 1.27 | Ireland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Iceland 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Malta 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Nicaragua 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Peru 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Portugal 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Russia 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Saint Lucia 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Spain 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Sweden 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Thailand 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Venezuela 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |
| Yugoslavia 1.27 | Iceland 1.025 | Iraq 1.025 | Iceland 1.025 |

Sources: Interbank Bank (Brussels); Banco Comercial (Barcelona); Banco Naciones (Milan); Banco Naciones de Perú (Lima); Bank of Tokyo (Tokyo); IMF (SDR); BAFI (Barbados, Aruba, Curaçao, Sint Maarten); BNP (Paris); CIBC (Montreal); Dresdner Bank (Frankfurt); Lloyds Bank (ECU); Reuters; CHOFI (Paris). Ratios applicable to interbank dealings of \$1 million minimum (or equivalent).

Interest Rates

Eurocurrency Deposits									
Dollar	D-Mark	French	Sterling	French	ECU	DM	DM	DM	DM
1 month	4.94%	3.9%	3.7%	3.7%	3.7%	4.25%	4.25%	4.25%	4.25%
2 months	4.96%	3.9%	3.7%	3.7%	3.7%	4.27%	4.27%	4.27%	4.27%
3 months	4.98%	4.0%	3.8%	3.8%	3.8%	4.3%	4.3%	4.3%	4.3%
6 months	4.98%	4.0%	3.8%	3.8%	3.8%	4.3%	4.3%	4.3%	4.3%
1 year	4.98%	4.0%	3.8%	3.8%	3.8%	4.3%	4.3%	4.3%	4.3%

Sources: Morgan Guaranty (London), DAFI, SF, Pound, FFU; Lloyds Bank (ECU); Reuters; CHOFI (Paris). Ratios applicable to interbank dealings of \$1 million minimum (or equivalent).

Asian Dollar Deposits									
1 month	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
2 months	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
3 months	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
6 months	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
1 year	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%

Sources: Morgan Guaranty (London), DAFI, SF, Pound, FFU; Lloyds Bank (ECU); Reuters; CHOFI (Paris). Ratios applicable to interbank dealings of \$1 million minimum (or equivalent).

Gold

Key Money Rates									
United States	1.2%	Pound	1.2%	DM	1.2%	FFU	1.2%	DM	1.2%
Discount rate	7%	7%	7%	7%	7%	7%	7%	7%	7%
Prime rate	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Commercial paper	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Corporate bonds	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
6-month Treasury bills	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
1-month Treasury bills	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Corporate CDs	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Japan	—	—	—	—	—	—	—	—	—
Discount rate	3%	3%	3%	3%	3%	3%	3%	3%	3%
Call money	4%	4%	4%	4%	4%	4%	4%	4%	4%
3-month interbank	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%
6-month interbank	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%
1-year interbank	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%

Sources: Reuters; Bank of Tokyo; Commerzbank; Credit Lyonnais.

Markets Closed

Markets were closed Monday in Malaysia and Taiwan for the New Year holidays.

New Offer Made for

Shamrock Strengthens Bid Defense

United Press International
DALLAS — Diamond Shamrock Corp. on Monday announced several measures to fend off a takeover bid by T. Boone Pickens, including its own tender offer for 20 million common shares, the spin-off of a new public company and executive changes.

Diamond Shamrock's \$17-a-share offer overtakes the \$15 cash offered for 20 million Diamond Shamrock shares on Jan. 7 by Lucky Partners, which is made up of Mr. Pickens' Mesa Limited Partnership of Amarillo, Texas, and Harbert Corp., the company the construction magnate John Harbert.

Lucky now owns 5 million shares, or 4.5 percent, of the energy company. It said the bid for up to 20 million shares, which would give it 22.5 percent of Diamond Shamrock, was a step toward acquiring the entire equity interest.

Lucky Partners had set Wednesday as the deadline for its offer.

Diamond Shamrock closed at \$14.625 Monday on the New York Stock Exchange, up 12.5 cents.

In other defensive measures, Prudential Insurance Co. of Ameri-

ca has purchased \$300 million of a new issue of preferred stock carrying an annual dividend of \$9.75. Diamond Shamrock's chairman and chief executive, William H. Bricker, said.

Prudential will have the right to elect up to three directors to the Diamond Shamrock board. Prudential will remain an investor and has agreed not to acquire additional stock.

Diamond Shamrock, based in Dallas, also will spin off its refining

Morgan Grenfell Names Executive Committee

The Associated Press
LONDON — Morgan Grenfell Group, parent of the British investment bank, announced Monday that it had established an executive committee to manage the company.

The announcement follows the resignations of several officers over Morgan Grenfell's involvement in the Guinness PLC share-trading case. The executive committee will be chaired by Sir Peter Carey, who also led an interim committee.

and marketing company to its shareholders as a new public company.

The tax-free distribution will begin in about 90 days.

Mr. Bricker said he anticipated that one common share of the new company would be distributed for every four common shares outstanding of Diamond Shamrock.

The new company, which expects to pay annual dividends of 40 cents a share, will include Diamond Shamrock's existing refineries,

which process about 135,000 barrels of crude oil a day, and around 2,000 branded retail outlets. Last year it had sales of \$1.6 billion.

Mr. Bricker also said that, effective immediately, Charles L. Blackburn would become president and chief executive officer of the company.

Holyoake said shareholders who may have already tendered to Mr. Pickens's \$15 offer could withdraw before midnight Wednesday.

France Sets Price Of 500 Million Francs for CGCT

Reuters

KUWAIT — Kuwait Petroleum Corp. said Sunday that its profit fell 74 percent in the year that ended June 30, and it blamed lower oil prices and severe competition on world markets for refined products.

KPC, a government-run corporation, controls oil production and processing in Kuwait.

Unlike previous offerings under the government's denationalization program, CGCT, which holds 16 percent of France's public telephone-switching market, will be sold to a single buyer rather than offered to the public.

CGCT, formerly a subsidiary of ITT Corp., was nationalized in 1982. Groups reported to be interested in buying CGCT include American Telephone & Telegraph, Siemens AG of West Germany, L.M. Ericsson of Sweden and Northern Telecoms of Canada.

CGCT reported a loss of 200 million francs for 1985.

Kuwait Petroleum Reports Profits Fell 74% in Year

The Associated Press

KUWAIT — Kuwait Petroleum Corp. said Sunday that its profit fell 74 percent in the year that ended June 30, and it blamed lower oil prices and severe competition on world markets for refined products.

The corporation, which has a capital of \$2.5 billion, owns a refinery in Rotterdam and another in Copenhagen, with a total capacity of 125,000 barrels a day. It also owns 2,700 service stations in the Scandinavian and Benelux countries.

Sheikh Ali said the corporation had taken "good strides toward boosting its refining and marketing activities in Europe through the modernization of productive units and development of transport and stockpiling facilities, particularly in Holland."

KPC has eight subsidiaries operating in various sectors of the oil industry in many countries. Sheikh Ali said exploration activities had been reduced because of the sluggishness on the world oil market.

has been pursuing since its foundation in 1980."

He said KPC had eased the impact of lower prices by operating its refineries in Europe at maximum capacity and by the optimum use of distribution outlets there.

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AIRBUS: Dispute Persists

(Continued from Page 1)
the talks said that Washington did not want the issue to lead to punitive trade sanctions.

"We want the issue to be handled on an industry level," said Bruce Smart, undersecretary for international trade at the Commerce Department. "We don't want this to be the source of a trade action."

The United States, prompted by complaints of unfair practices from Boeing Co. and McDonnell Douglas, has asserted that the Airbus governments have spent billions of dollars on development without sufficient concern about profit.

Subsidization, without a firm view to commercial return, the argument goes, enables Airbus to sell its planes at sharp discounts and puts U.S. manufacturers at an unfair disadvantage.

Mr. Smith said the Reagan administration had requested the discussions with the Airbus government sponsors to make them aware that such subsidization was viewed at the highest levels in Washington as a violation of the GATT Agreement on Trade in Civil Aircraft.

But Mr. Pantie said he and his European colleagues had rejected allegations of unfair subsidies, asserting that Airbus governments actions were "totally compatible" with our GATT obligations."

Only one carrier, Lufthansa AG of West Germany, has placed a firm order for the A-340, totaling 15 planes. Air France has signaled a tentative interest in the planes.

McDonnell has received nearly 60 firm orders for its MD-11 from 13 airlines of different nations.

Mr. Smith said he told the Europeans of U.S. concern that Airbus reportedly was trying to undercut tentative agreements between McDonnell and various airlines interested in the MD-11 by making counteroffers at large discounts.

As far as Britain is concerned, Mr. Pantie said, "we take some exception at being lectured to" by the Americans on aircraft subsidies, when, as he asserted, the U.S. civil aviation industry has benefited indirectly from more than \$47.5 billion in government defense contracts over the past 15 years.

There is a widespread perception in the European capitals that the European Community was compelled again last week, as in a series of trade disputes in recent years, to accede to U.S. pressure.

So observers here say that on the Airbus, an example of European cooperation in high technology, Europe's resolve to resist U.S. pressure can only suffice.

ARGYLL: New Legal Ground

(Continued from first finance page)
with a bigger cash offer of its own," he said.

While Argyll will have to prove that in the "balance of probabilities" its bid for Distillers' would have been successful had Guinness not allegedly resorted to share manipulation, Mr. Bamford said, Distillers' shareholders can make a more direct claim.

"They can claim they were misled, in allegedly having been induced to sell their shares in exchange for Guinness shares, whose market value at the time" may have been inflated 25 percent above actual value, he explained.

Whatever the outcome of litigation, should it materialize, the result is likely to be costly for Guinness.

"It might take a year for the government to issue its report on the Guinness case, then Argyll would start its proceedings," said Mr. Bamford. "But Argyll's case wouldn't come to court for three years."

Such a delay "could stifle Guinness' activity and dampen its share price for five years" because the company would have to carry the claim as a contingent liability until resolved, he pointed out.

Meanwhile, a source at Argyll said that the government may not issue a full report of its investigation if individuals are indicted.

According to this source, the report's finding would, in the case of criminal proceedings, be placed under the jurisdiction of a court.

COMPANY NOTES

Air Algérie, the government-owned airline, will suspend its weekly flights to Kuwait, Malta, Marseilles and the Angolan capital, Luanda, reduce flights to Nice, and cut domestic services because of the "world economic crisis."

Ford Motor Co. plans to equip up to 1 million passenger cars with driver-side air bags by 1990, and cut the cost of the safety devices to about \$300 from \$800. Ford, which has already sold about 11,000 air bag-equipped cars, is the first U.S. producer to make them widely available.

General Electric Co. of Britain has been appointed by the government to lead a consortium of British companies in an international tender for the second stage of a coal-fired power plant at Rihand, northern India. Analysts estimate that the contract is worth around £300 million (\$454.05 million).

Wardair International of Canada signed a contract for 12 European Airbus A-310-300 long-range aircraft valued at more than \$670 million. It is the first Canadian order for new Airbuses. Wardair currently operates three secondhand Airbus A-300s. The sale brings Airbus A-310 and A-300-600 twin engine widebody sales to 433.

Westpac Banking Corp. of Australia will establish an investment banking arm in London to control the bank's worldwide capital market and treasury activities. Adrian Fletcher, Westpac's new general manager, investment banking, said the operation was a step in the expansion of Westpac's global structure.

Hitachi Ltd. will increase the capital of its U.S. subsidiary, Hitachi America Ltd., to \$35.3 million from \$4.3 million as of April 1 as part of a plan to strengthen its U.S. operations.

Holly Sagan Corp. of Colorado will invite Shamrock Holdings Inc. and Brookhill Equities Inc., which have both acquired equity positions in Holly, to make offers to acquire Holly. Holly said last month that Arcanium I Partners and senior officers of Holly had made an acquisition offer.

Universal Motors of North America, a new company based in Las Vegas, plans to import into the United States and Canada off-road vehicles from Mahindra & Mahindra Ltd. of India, Metalmeccanica of Portugal and Ligero of Spain.

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Haggen-Lloyd AG, a shipping and charter flight company, has finalized orders for three Airbus A-310-200s valued at a total of \$180 million and has taken options on two more.

Hill Samuel Group PLC said FAI Insurances Ltd. of Australia had increased its stake in Hill Samuel to 12.8 percent and said FAI's involvement in the company was welcome. It said it believed a holding of more than 10 percent was not in the best interests of the company.

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Kuwait Petroleum Reports Profits Fell 74% in Year

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unions are seeking a larger amount of stock in the company and representation on Pan Am's board. A detailed description of the proposals is being mailed to the directors.

A union source said that the proposals could lead to savings of hundreds of millions of dollars in labor costs.

The airline's losses in 1986 are expected to reach \$345 million. Pan Am employees already own about 6 percent of the common shares outstanding, in return for wage concessions that began in 1981.

Wilbur L. Ross, a managing director of Rothschild Inc., the investment firm that represents the unions, said Sunday that the proposal contained wage reductions and changes in work rules that would lead to "a significant reduction in labor costs."

The proposals also call for various ways to increase productivity. In return, Mr. Ross said, the

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othing Example Talking

CURRENCY MARKETS

Compiled by Our Staff From Dispatches

NEW YORK — The dollar faded Monday when traders who had bought dollars ahead of the Treasury's refunding auction this week sold following testimony to Congress by Paul A. Volcker, the chairman of the Federal Reserve Board.

The dollar closed in New York at 1.8080 Deutsche marks, down from 1.8340 Friday; at 6.0280 French francs, down from 6.1145; at 7.5240 Swiss francs, down from 7.5470, and at 152.55 yen, down from 153.75.

It was also lower against the pound, which closed at \$1.5210, against \$1.5140 Friday.

"The market had positioned for a higher dollar on trade figures Friday and on anticipation that Volcker's remarks would be more favorable," said Linda McLaughlin, vice president in charge of Shearson Lehman Brothers International's foreign-exchange desk.

"The December deficit of \$10.66 billion was well below the expected \$14 billion to \$15 billion, pushing the dollar sharply higher Friday."

But Mr. Volcker, in remarks be-

London Dollar Rates

Closure	Mon.	Fri.
Dutsche mark	1.8080	1.8340
Pound sterling	1.5210	1.5140
French franc	6.0280	6.1145
Swiss franc	7.5240	7.5470
Yen	152.55	153.75

Source: Reuters

3d. "We've had a really precipitous fall in the dollar since early January and Baker has done nothing to stop it."

Another development that generated dollar selling Monday was an announcement by West Germany that it would sell a competitively priced 10-year government note on Wednesday, in direct competition with the 10-year U.S. note offering in the first-quarter refunding.

The Treasury is to auction \$10 billion of three-year notes on Tuesday; \$9.75 billion of 10-year notes on Wednesday, and \$9.25 billion of 30-year bonds Thursday.

The dollar closed in London at 1.8073 D.M., down from 1.8320 at Friday's close, and at 152.55 yen, down from 153.68.

It was also lower against the pound, which closed at \$1.5245, against \$1.5135 Friday.

"Economic history is littered with examples of countries that acted as if currency depreciation alone could substitute for other action to restore balance and competitiveness to their economies," Mr. Volcker said.

"That's basically echoing Baker's stand and traders said it was bearish for the dollar," Mr. McLaughlin said, referring to the Treasury secretary, James A. Baker

(UPI, Reuters)

THE EUROMARKETS

Dollar Sectors Lower Before U.S. Auctions

By Christopher Pizzey

Reuters

LONDON — Dollar sectors of the Eurobond market ended slightly easier Monday after a day of subdued trading, with investors keeping to the sidelines ahead of this week's U.S. Treasury refunding auctions, dealers said.

They added that with the dollar coming under pressure in Europe during the afternoon there was little reason for investors to commit funds to the secondary market.

However, a new issue for the European Community met quite steady demand and ended within its total fees. Traders said it was safely, if fairly, priced.

Otherwise, new-issue activity in the dollar sector was restricted Monday to equity warrant bonds for Japanese borrowers. The Deutsche mark sector also registered a

couple of transactions, one a standard and one the expected D.M. convertible for Elder U.K. PLC.

The six-year issue for the European Community pays 7.4 percent and was priced at 101.1. A trader at a house that was involved said, "It's not generous but it is reasonably priced."

It was quoted on the when-issued market at a discount of 1.85 percent bid, just inside the total fees of 1.75 percent.

Three equity-warrant bonds were issued, reflecting continued interest in this sector. All the issues had five maturities, par pricing and indicated coupons of 3.4 percent.

Kelvin Electric Railway Co. and Toyota Tsusho Kaihatsu Ltd. both issued \$70 million offerings, and Tokyo Department Store Co. launched an \$80 million bond.

The lead manager was CSFB-Effezentbank, which also launched a straight bond for Westland Hydraulics.

Official determination to bring about currency stability led the Bank of Japan to intervene last month in London and New York as well as in Tokyo, the analysts said. It also intervened in Hong Kong and Singapore when the Tokyo market was closed at midday, the analysts said.

In the kind of transaction that could provoke protests of unfair subsidization, the company recent-

ly sought a 20-year, interest-free loan of \$160 million from the Ottawa and Quebec governments in return for not closing its only Quebec plant, at Ste. Thérèse, north of Montreal, in 1989.

The fact that the company is simultaneously closing 11 plants in the United States with the loss of 29,000 jobs has not escaped notice here.

John Crispo, an economics professor at the University of Toronto who has condemned Canadian demands that the pact not be touched, told readers of The Globe and Mail, a Toronto newspaper, that Americans had a right to be indignant.

"Imagine the hue and cry if the situation were reversed," he said. "Discrimination and nationalism would be among the milder charges that would be raised."

Canadian concerns about the pact center on provisions that require U.S. manufacturers to produce one car in Canada and to maintain a high level of Canadian content in each vehicle made in Canada — 50 percent for trucks, 60 percent for cars.

A greater worry is that the Reagan administration will pressure Canada for an upward revaluation of the Canadian dollar, which currently trades at about 73 U.S. cents.

— Christopher Pizzey

Associated Press

NASDAQ prices as of 3 p.m. New York time.

Via The Associated Press

Net

12 Month High Low Stock

Div. Yld.

Sales In 10m

High Low 3 P.M. Clos.

Net

12 Month High Low Stock

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ART BUCHWALD

A Case of Cabin Fever

WASHINGTON — Last week the northeastern United States was locked in by two snowstorms in a row. It was so bad that in the Washington area alone there were 347,987 reported cases of Cabin Fever.

This was a typical case. The Porter family was stuck in their house for three days as the wind blew back and forth, producing three- and four-foot drifts of snow.

Mr. Porter stationed himself in the living room where he maintained he could monitor weather bulletins much better. **Buchwald**

As we move in on him the newscaster has just announced, "Only those with essential jobs are required to report to their government offices today."

Mr. Porter said, "Thank God you're not one of them."

Mr. Porter blew up. "Are you trying to say I don't have an essential job?"

"No. I did not say that at all. I just meant it's good you don't have to go to work."

Porter was now shaking.

"I have a good mind to go in and show them whether I'm essential or not."

"Suppose they send you home?"

Mr. Porter asked.

"You'd like that. You would like me to be humiliated at work."

"Here have some more vanilla pudding."

"I don't want any more pudding. I've been eating pudding for two days. Why do you keep giving me pudding all the time?"

England Assembling Gothic Art for Show

The Associated Press

LONDON — Churches, cathedrals and museums in England will send treasures to London for the first major exhibition of the country's Gothic art.

The Royal Academy of Arts said the show, "Age of Chivalry: Art in Plantagenet England 1200-1400," will run from Nov. 6 through March 6, 1988.

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absolutely perfect French & English,

written and spoken ideal candidates

will be between 25 & 35 years old,

good command of English, willing to

learn use of word processors &

computers and happy to work in

friendly team environment. Tel:

0101 312-481-00 10

or write S.A.F. 40 (1) 40 18 81

to Paul Volery,

75116 Paris.

URGENT - INT'L CONSULTING FIRM

in Paris for its regional directorate executive secretary, fully bilingual French, excellent computer skills, ideally between 30 and 35 years old, should possess a pleasant personality, excellent presentation. Experience in travel industry a must. Send resume and biography. Tel: 0101 312-481-00 10

or write S.A.F. 40 (1) 40 18 81

to Paul Volery,

75116 Paris.

PARIS BASED US STOCK BROKERS

Bilingual secretaries, ideally

and occurs with book office experience if possible. Handwritten resume to Box 4300, Harald Tribune, 75221 Neuilly Cedex, France

CROSS REFERENCES

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COMPUTER CONSULTANT CO.

FRENCH BILINGUAL SECRETARY

Assistant for C.E.O.

Computer English

Communication

Computer English

Computer English